

U.S. Trade Deficit Surged To Record \$140 Billion in '86

The Associated Press

WASHINGTON — The deficit in the broadest measure of U.S. foreign trade surged to a record \$140.57 billion in 1986 as the United States continued to widen its role as the world's largest debtor nation, the government reported Tuesday.

The Commerce Department said that the imbalance in the current account was 19 percent higher last year than the previous record of \$117.68 billion, set in 1985.

The current account measures not only trade in merchandise, but trade in services, primarily investment earnings and transfer pay-

ments such as foreign aid. While the merchandise trade deficit is reported on a monthly basis, the current account deficit is figured quarterly.

Deficits in the current account have pushed the United States in just three years from a position as the world's largest creditor to the world's biggest debtor. That means that foreigners now own more U.S. investments than Americans hold in foreign investments.

The United States was running surpluses in its current account as recently as 1981 as earnings on American investments overseas were enough to offset deficits on

merchandise trade. But a string of huge merchandise trade deficits has removed the cushion once provided by investment earnings.

The current account deficit for the final three months of 1986 rose to a record \$36.84 billion, up 4.4 percent from the previous record of \$35.30 billion set in the July-September quarter.

In October through December, the deficit on trade in merchandise alone increased by 3.3 percent to \$38.37 billion. Adding to this deficit was \$3.95 billion in transfer payments, including foreign aid.

These figures were offset somewhat by \$5.48 billion in net earnings on foreign investments by Americans. Although foreigners own more in American investments than Americans own overseas, the United States still enjoys a slight surplus in earnings because the rate of return on many older U.S. investments is higher than foreigners are receiving in the United States.

The U.S. government and private businesses had a total of \$99.82 billion in assets abroad in 1986, up \$6.4 billion from 1985.

Foreigners saw their assets in the United States rise by \$86.2 billion to \$213.3 billion.

The United States was in debt to the rest of the world by \$107.44 billion at the end of 1985, the first year it had a net debtor status.

The new figures on the current account suggest that debt more than doubled in 1986 to about \$220 billion, putting the United States far ahead of the previous debt leader, Brazil, which owes \$108 billion to foreigners.

Economists point out, however, that the United States cannot be compared directly to indebted nations like Brazil because of the strength of the U.S. economy and the dollar's status as the world's most popular currency.

Net foreign purchases of American securities other than U.S. Treasury notes hit a record \$70.7 billion in 1986, up 28 percent from \$50.9 billion in 1985, the Commerce Department said in its report.

Net foreign purchases of U.S. Treasury securities rose only \$9.3 billion in 1986 compared to a \$20.5 billion increase in 1985.

officials for "making comments leading to a sabotage" of an accord between two private companies.

"International exchanges of investment should be done freely, and the Japanese government wishes to stress to the United States that such exchanges are becoming more important," the official said.

Neither Mr. Tamura nor other officials would comment directly on whether they viewed the decision as having raised trade tensions between the two nations.

But the tone of their comments was unusually sharp, and the reaction was seen as confirmation that the decision was a sensitive issue with the Japanese, who view it as another example of growing U.S. protectionist sentiment.

This is particularly true of the Japanese semiconductor industry, which has been bound by a July agreement to maintain minimum prices at fair market value in the U.S. market.

Accusations by Washington that the Japanese semiconductor industry has been "dumping" equipment in third markets, or selling it at less than a fair market value, have led to a 10 percent cut in Japanese production in the first quarter of 1987.

In a statement, a spokesman for Mr. Tamura's ministry cited U.S.

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Kiosk U.S. Court Bars Deaver's Suit

WASHINGTON (UPI) —

The U.S. Circuit Court of Appeals for the District of Columbia turned aside Michael K. Deaver's challenge of the independent counsel law Tuesday.

The ruling cleared the way for the indictment of the former

White House deputy chief of staff on felony perjury charges.

The court declined to extend an order blocking the investigation by the independent counsel, Whitney North Seymour, of Mr. Deaver's lobbying activities. It said that Mr. Deaver had yet to be charged with a crime. Mr. Deaver is expected to appeal to the Supreme Court.



Alfa Romeo, the Italian automaker, tries to recapture its past. Page 9.

■ Japan's economic growth slowed to 2.5 percent in 1986, the worst performance in 12 years. Page 9.

GENERAL NEWS

■ The Soviet Union has called for international verification of "non-deployment" of space weapons. Page 2.

Immunity Agreement Reached on Poindexter

United Press International

WASHINGTON — Congressional investigators and the special prosecutor in the Iran-contra affair reached agreement Tuesday on granting limited immunity from prosecution to Rear Admiral John M. Poindexter, a key figure in the investigation.

Immunity for Admiral Poindexter will not be granted for 90 days, which "basically satisfies" a request for such a delay by the prosecutor, Lawrence E. Walsh, a spokesman for the House select committee.

Mr. Walsh requested the delay to allow him more time to build evidence for possible criminal prosecution of Admiral Poindexter and other figures who have refused to testify, such as Lieutenant Colonel Oliver L. North, the former National Security Council official.

Admiral Poindexter and Colonel North have invoked their right under the Fifth Amendment to the U.S. Constitution against self-incrimination.

Under limited, or "use" immunity, testimony given by protected witnesses cannot be used against them in a criminal prosecution unless it is corroborated by evidence gathered independently.

Admiral Poindexter was President Ronald Reagan's national security adviser until November. He resigned, and Colonel North was dismissed, when it was revealed that proceeds from the sales of U.S. arms to Iran had been diverted to benefit the Nicaraguan rebels.

Senate investigators believe Admiral Poindexter's testimony is important for their children's education or for their retirement, they bought stock in the bank, thinking it would never go down.

Now angry questions are being asked about why the bank's directors, a Who's Who of the Amarillo establishment, its "best and brightest," did not act faster to remedy the troubles.

The Amarillo bank is by no means alone. Throughout the energy-producing and agriculture states of the Middle West and Southwest, once-solid banks are teetering as a result of overaggressive lending in the troubled oil, farming and real estate sectors.

Already this year, 15 banks have failed in Texas alone, as against 26 last year. Thirty-eight banks failed in neighboring Oklahoma last year.

"I've got a big 'First National' bank tattooed on my chest," Mr. Banks said.

So shock waves rippled through the Panhandle the other day when the First Amarillo Bancorporation, the holding company whose main asset is the bank, announced that it had a \$24.8 million loss in 1986, the worst in its 97-year history. Its stock, once worth \$34 a share, plunged to less than \$5.

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Economic Hard Times Settle on Texas

Losses by a Big Bank Send Shock Waves Across Region

By Robert Reinhold
New York Times Service

AMARILLO, Texas — Like nearly every other major business person in the Panhandle of Texas, Max E. Banks has long depended on the First National Bank of Amarillo. For 34 years, "the First" has bankrolled his oil-well drilling, and a few years ago he bought \$750,000 worth of bank stock as a nest egg for his young daughter.

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Everybody in Amarillo knew what this unhappy news meant: Shaky loans would soon be called, credit would be tighter, and a way of life and lending built on handshakes, friendships and family ties would end.

And, unless the bank's leaders, who are also the directors of the holding company, can act fast enough to save it from collapse, thousands of nest eggs could be wiped out.

The story of the First National is a parable of this region. For nearly a century now, the bank has been the Rock of Gibraltar of the Texas Panhandle. As the largest bank in the area, its capital helped build the vast cattle, farming, oil and gas industries, its leaders led the United Way and other charities, and it bought the works of local artists.

And when Amarilloans wanted a

good investment for their children's education or for their retirement, they bought stock in the bank, thinking it would never go down.

Mr. Reinhold said Monday that after the Sella name had been disclosed, Colonel Sella offered to answer U.S. questions.

The people who dealt with this issue, the investigators and prosecutors, refused to give him what was agreed basically between our two governments," Mr. Reinhold said Monday.

Meanwhile, a Washington lawyer, James Hibey, has denied an Israeli radio report that Israel had paid him about \$80,000 to help cover legal expenses for Mr. Pollard and his wife. Israeli radio said that \$80,000 had been sent to Mr. Hibey through "indirect channels." It did not elaborate.

The questioning took place in Jerusalem in December 1985 but none of those interrogated mentioned Colonel Sella, whose name apparently was disclosed by Mr. Pollard and his wife, Anne Henderson-Pollard, when they agreed to plead guilty in June 1986.

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Mr. Dukakis' entrance — along with the exits, near-exits and indecisions of a half dozen other prospective candidates in the past month — raises the first telling question of the 1988 race: What makes some decide to run and others to back away?

If the answer had to do only with the length of the odds, the 1988 presidential field already would be shaping up differently.

As Mr. Dukakis is putting a toe into presidential waters, Senator Dale Bumpers, Democrat of Arkansas, and former Senator Paul Laxalt, Republican of Nevada, are still wrestling with a decision to seek their party's nominations.

On paper, both men have at least as plausible a shot as Mr. Dukakis. But each keeps putting off a move, and the delays already may have damaged their prospects.

Meanwhile, in the past month, three potentially formidable candi-

dates — Governor Mario M. Cuomo of New York, a Democrat; Senator Sam Nunn, Democrat of Georgia, and the former Senate majority leader, Howard H. Baker Jr., Republican of Tennessee — have removed themselves from the 1988 race, either entirely or most of the way.

Mr. Cuomo said he could not envision governing a big state during a presidential campaign, given the marathon-like demands of the nominating system. Two popular Republican governors, James R. Thompson of Illinois and Thomas H. Kean of New Jersey, have said much the same thing in recent weeks.

Mr. Dukakis thinks he can run his state and a presidential campaign. Are Mr. Cuomo, Mr. Thompson and Mr. Kean overstating the obstacles? Is Mr. Dukakis underestimating them? How did they decide?

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"It's the toughest decision in the world," said Walter F. Mondale, the former vice president and senator from Minnesota who was the 1984 Democratic nominee, "and there are no manuals."

Mr. Mondale, now a Washington lawyer, reviews the matter as an expert witness. He has made both decisions, to run and not to run.

In 1974, he backed out of the nomination race with a now classic quip about not wanting to spend two years sleeping in Holiday Inns. In a recent interview, he said he could not identify a single moment or factor that got him in the race in 1984 or out of it in 1976.

But he was full of warnings to anyone contemplating the plunge in 1988.

"You're going to get hurt unless you go into it all-out, with a single-focus of concentration that defies

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SOUTH AFRICAN SQUATTERS — Security forces demolished five unfinished squatter shelters Tuesday near Johannesburg. One of the homeless wept after the demolition of the house that her husband was building with old bricks, using mud instead of cement. Authorities meanwhile, reported an upsurge of violence. Page 6.

Shamir Asks For Calm in Pollard Case

By Paul Lewis

New York Times Service

JERUSALEM — Prime Minister Yitzhak Shamir appealed for calm Tuesday amid expressions of outrage from U.S. officials and leaders of American Jewish groups over Israel's role in the Jonathan Pollard spy scandal.

"There is a need for a lowering of the temperature, for a calmer atmosphere," he told members of Hadassah, a world Jewish women's organization. "In such moments there is a need for cool heads and strong nerves and to avoid exaggerating of the most.

It said the ban also causes moral difficulties for doctors convinced they are providing "an infinitely precious human service." Moreover, many Catholic doctors believe they have a duty to contribute to medical research by practicing a relatively new form of treatment, the university added.

The statement

Kidnappers Delay Execution Of French Hostage for a Week

Compiled by Our Staff From Dispatchers
BEIRUT — Abductors of a Frenchman in Lebanon said Tuesday that they had postponed his execution for one week and demanded that France clarify its policy on terrorism and supplying arms to Iraq.

The Revolutionary Justice Organization, in a statement delivered to the independent Beirut newspaper *Al-Nahar*, said that Jean-Louis Normandin, of France's Antenne-2 television network, had confessed to spying for the French and Israeli secret services.

The statement also warned that new terrorist attacks would be carried out in France if the French government did not fulfill its demands.

It said the decision to postpone Mr. Normandin's execution was made in response to pleas from Lebanon's Shiite Moslem clerics, the hostage's family and "secret pledges made by the French government to parties concerned."

The group had said Saturday

that it would kill him within 48 hours because France had failed to meet its demands.

Meanwhile, a leading Iranian official said Tuesday that Iran had undertaken a search for Terry Waite, the missing Church of England envoy, but still did not know which organization was holding him in Lebanon.

Tehran radio, commenting on an exchange of letters between the Archbishop of Canterbury, Robert Runcie, and the speaker of Iran's parliament, Hashemi Rafsanjani, said, "Our country's officials have undertaken this search for humanitarian reasons."

Despite a statement by the Revolutionary Justice Organization in Lebanon that the envoy was spying for Western intelligence agencies, "it is still not clear which organization is holding Terry Waite," the radio said.

On Monday the radio broadcast the text of letters exchanged between Archbishop Runcie and Mr. Rafsanjani.

Mr. Waite disappeared in Beirut on Jan. 20.

Meanwhile, Syria's military intelligence chief in Lebanon, Brigadier Ghazi Kanaan, told the wives of four foreign hostages on Tuesday that their husbands would be freed soon.

"Kanaan was very helpful," one of the women, Firyal Polhill, said after they met with him in his West Beirut office. "He made us understand that certainly our husbands

will be freed very soon." She said he expressed his concern "in pursuing the release of our husbands."

Robert Polhill was seized with Alan Steen and Jesse Turner, both Americans, and Mithileshwar Singh, an Indian, from Beirut University College on Jan. 24.

In another development, Sheikh Mohammed Hussein Fadallah, a pro-Iranian Shiite clergyman, said in Beirut that he was making personal efforts to secure the release of Mr. Waite and an American journalist, Terry A. Anderson.

Sheikh Fadallah, who appealed on Sunday to the captors of Mr. Normandin to spare his life, said he was against kidnappings in general and was "educating the people" to refrain from such action.

Sheikh Fadallah, believed to be the driving force behind Hezbollah, or Party of God, said the hostage crisis was bigger than its Lebanese and Moslem dimensions and involved intelligence networks on state levels.

He said these intelligence networks are not necessarily related to Islam. "I do not mean a specific Islam," he said, "but they kidnap on the basis of the belief that everybody will give the matter an Islamic label."

"Since Terry Waite was kidnapped," he added, "I exerted all my efforts in a bid to locate his whereabouts in a personal initiative because there are letter exchanges between me and the Archbishop of Canterbury regarding this issue."

(AP, UPI, Reuters)

Arafat Opens the Door To New Mideast Talks

Reuters

TUNIS — Yasser Arafat has indicated a willingness to compromise on representation at a Middle East peace conference, saying that a Palestinian delegation would not necessarily have to include officials of his Palestine Liberation Organization.

In an interview Monday night, Mr. Arafat implied that officials of the PLO, whom Israel and the United States refuse to talk to, need not attend.

Mr. Arafat expressed optimism about a preparatory meeting of the five permanent members of the UN Security Council — the Soviet Union, the United States, Britain, France and China — before a wider conference.

"I think it can take place this year," he said.

Asked who would be in the Palestinian delegation to a peace conference, Mr. Arafat contradicted answers offered by aides who said representation would simply be the PLO.

"No, not the PLO," he said. "Why say the PLO? It is not necessary to say the PLO. I am again this answer."

When pressed to explain whether this meant PLO officials would not have to take part, Mr. Arafat said: "Who said it? Any Palestinian who would participate would participate in my name, as I am the chairman of the PLO."

The PLO chief, who was speaking in a suburb of Tunis, where he has his headquarters, said Palestinians were ready to attend within an Arab delegation.

"This is our option," he said. "Either to have an independent participation, or to be within a joint Arab delegation."

The idea for a conference has received backing from Egypt and the European Community within the past month.

But the concept has given rise to strong divisions within the Israeli coalition government, where it has the support of Foreign Minister Shimon Peres but is rejected by Prime Minister Yitzhak Shamir.

Objections by Israel, the United States and Jordan include the PLO's refusal to accept Security Council Resolution 242, declared after the 1967 Middle East war, on the ground it treats the Palestinian issue only as a refugee problem. The resolution also calls for the right of states in the region to live in peace and secure and recognized boundaries.

Mr. Arafat reiterated his stand that any conference should be based on the basis of all UN resolutions on the Middle East, including 242. Other UN resolutions have called for the establishment of a Palestinian state.

Further obstacles to a Middle East peace conference include U.S. and Israeli insistence that any Soviet participation should be conditional on Moscow's restoration of full diplomatic ties with Israel.

"But it's not going to do a great deal for unemployment," he continued. "The tax cut will stimulate the economy a little but most of that extra income will be spent on imports."

British unemployment, among the highest in the West, totaled 3.12 million in January, or 11.3 percent of the workforce.



Joe Stiglitz/The Associated Press

FRACAS IN QUITO — A demonstrator hurling a stone at police as several hundred high school students converged at the Ecuadorian government palace to protest austerity measures — including increased bus fares and gasoline prices — after recent earthquakes ruptured an oil pipeline. No one was reported injured or detained in the violence.

Spain Calls Weinberger Visit Positive

By Edward Schumacher

New York Times Service

MADRID — The U.S. secretary of defense, Caspar W. Weinberger, confronted by widespread public hostility to U.S. troops in Spain, defended the troops here Tuesday as essential to Western security.

Mr. Weinberger, ending a two-day visit, said that while the United States has told Spain it is willing to reduce some of the 12,500 authorized U.S. troops, current arms control and troop cut talks with the Soviet Union make any more unilateral cuts in Spain unjustifiable.

The secretary was particularly sharp in defense of 72 U.S. F-16 jet fighters that have become the crux of negotiations with the Socialist government of Prime Minister Felipe Gonzalez.

"I don't have any doubt that there is full understanding as to the importance of the contribution to Western security that 72 of the finest, most advanced fighter planes in the world would bring," Mr. Weinberger said of his talks in Spain.

Spanish officials, however, said in interviews that while they may find the planes useful, they still want them out. They said the Spanish view was that the planes served specific U.S. interests in the Middle East and the Mediterranean rather than general Western interests.

"Our position is unchanged," a Foreign Ministry official said, although he said Mr. Weinberger's visit was positive.

Incocia Arias, chief spokesman at the Foreign Ministry, said: "Both sides expressed their points of view and the positions remain distant. The Spanish government still hopes that an agreement can be reached, which will entail a substantial reduction of U.S. personnel and installations in Spain."

Mr. Weinberger, who left Tuesday for Turkey, came to Spain as part of a southern European swing that is also scheduled to include a visit to a U.S. base on Portugal's Azores islands. His visit to Spain was not intended to be part of the ongoing formal troop negotiations, but both sides said that the issue dominated the talks.

Hours before Mr. Weinberger's arrival, thousands of protesters demanding total U.S. military withdrawal from Spain marched on Torrejon Air Force Base, a joint Spanish-American base 15 miles (24 kilometers) outside Madrid, where the F-16s are stationed. The bases turned violent as several hundred protesters threw stones at police, who responded with horse-chase charges and water cannons.

Mr. Weinberger said his talks were "the kind of cordial and serious discussions that you would expect from two countries that are very close friends and allies."

He met Monday with King Juan Carlos I, Defense Minister Narciso Serra i Serra, Mr. Gonzalez and members of the Spanish negotiating team at the troop reduction talks.

In addition to Torrejon, the United States shares air bases in Zaragoza and Moron, a huge navy base in Rota and a variety of communications, observations and munitions posts around the country.

The bases were established by a 1953 agreement that has since been updated but expires in 14 months. Many Spaniards oppose the bases because they say the 1953 agreement bolstered the dictator Francisco Franco. The government further maintains that a referendum last year affirming Spain's membership in the North Atlantic Treaty Organization makes much of the U.S. presence redundant. The referendum included a provision calling for a U.S. troop reduction.

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Abstinence Or 'Safe Sex' Urged in U.S. AIDS Plan

By Philip J. Hilts
and Sandra G. Boodman
Washington Post Service

WASHINGTON — The federal government released on Monday its new AIDS education plan, which stresses sexual abstinence and monogamy as preventive measures and recommends "safe sex" using condoms when these measures are impossible.

The plan also stresses the need to leave local jurisdictions free to decide what, if any, information should be passed on to young people, according to Dr. Robert E. Windom, assistant secretary of health and human services.

It calls for the federal government to develop television advertising, school curricula and other material for national distribution, and then allow state and local jurisdictions to use the material, change it or decide not to use it.

The report was released following a congressional hearing at which the Reagan administration was criticized for delay in addressing the need for education about AIDS or acquired immune deficiency syndrome.

The federal government has been superb in pursuing biomedical research about AIDS, said David Fisser, president of Swarthmore College and a member of the National Academy of Sciences Panel on AIDS. "We need to have intensive education put in place now in high- and low-risk states."

That theme was echoed by other witnesses, who criticized the Department of Health and Human Services for delays in developing media and educational campaigns aimed at the general public and public-school students.

"AIDS, which is caused by a virus transmitted through sexual intercourse, infected needles or blood, or from mother to infant during pregnancy, has struck 32,000 Americans; killing more than 18,000 since 1982. The disease destroys the body's immune system."

The report emphasizes sexual abstinence, fidelity in marriage and letting moral values determine what information should be offered in schools and advertising campaigns.

It also prominently recommends, "if it is not possible to practice sexual abstinence until infection status can be determined, always use condoms during sex, because use of condoms can reduce the risk of transmission of the AIDS virus."

The government proposed spending \$80 million on the campaign for the 1987 fiscal year and \$104 million for fiscal 1988.

■ **Wider Testing Planned**

The government plans to issue a recommendation that tens of thousands of Americans who received routine blood transfusions be tested for the AIDS virus, The Associated Press reported from Washington.

The appeal for testing will be published Friday in the Centers for Disease Control's Morbidity and Mortality Weekly Report, a fier for doctors that is routinely reprinted by the journal of the American Medical Association.

Mention as Toxic-Waste Site Puts Utah Resort in Dumps

Designation for the "Superfund" cleanup program so drastically depressed tourism and land values in Park City, Utah, that the ski resort got Senator Jake Garn, a Republican, to push legislation through Congress removing it from the list. The U.S. Environmental Protection Agency had ruled that toxic heavy-metal tailings from silver mines posed a public health risk, and designated the town as a recipient of funds from the federal toxic-waste cleanup program. The town says the ruling was based on inadequate state data. Ned Alameda, state environmental health director, conceded that "if you get listed on Superfund, it's like having AIDS."

Now the EPA is preparing new tests "to do the kind of job we should have done in the first place," Bill Geise, director of the cleanup for the Rocky Mountain region, told The Washington Post. "Even though EPA and the state of Utah have wronged Park City, two wrongs don't make a right, and walking away from a potential public

AMERICAN TOPICS

health problem without determining whether it's real would not be showing good conscience."

Short Takes

A ferry of the type that capsized off Belgium this month probably would be barred from American waters because the design would not meet U.S. safety standards, a U.S. Coast Guard inspector, Commander Jack McGowan, told The New York Times. The standards include partitions, known as bulkheads, below the vehicle deck and watertight doors. The Coast Guard conducts quarterly inspections of all large passenger ships in the country.

Manhattan's Algonquin Hotel will be preserved, the owner, Ben B. Bodine, told The New York Times. Mr. Bodine, 84, said, "Even if I did sell it, I definitely want it to

be a landmark first." Landmark status, meaning a building may neither be razed nor substantially altered, is expected. The midtown hotel is best known for its round table where Dorothy Parker, Robert Benchley, Alexander Woolcott and other wits gathered for meals in the 1920s and 1930s.

Farrar, Straus & Giroux will pay authors a 5 percent royalty on books that are sold at a fraction of their original price after sales have run dry. The money invested is "no big deal," said Roger W. Straus, president of the publishing company, but "it's time to redress a situation that's unfair to authors." Since remainder sales seldom cover even the cost of manufacturing the book, no other publishers appear likely to follow suit, The New York Times reports. The policy may help ease a long-standing grievance. An article in the Authors Guild Bulletin recently said, "The public is spending millions of dollars at the bargain

table to read our words, and none of it is coming to us."

Yale University defers interest and principal on student loans to graduates of its School of Management who take public sector and nonprofit jobs at salaries under \$25,000 a year. Debts of graduates who remain in such jobs for seven years will be forgiven altogether. The law schools at Harvard, Stanford and New York University have similar programs.

On receiving a postcard from a parcel delivery service asking him to telephone between 1 and 6 P.M. to arrange to get a package, A.R. Wolf-Knapp did so and got an answering machine requesting the necessary information. The package arrived the next day, he told The New York Times. A few days later, he received a postcard about another package. It was after 6 P.M. but, reflecting that answering machines can work around the clock, he called anyway. After a few rings he heard a voice say, "Call back tomorrow for machine."

—ARTHUR HIGBEE

Cartoons Are Little More Than Toy Ads, Parents Find

By Fred M. Hechinger
New York Times Service

NEW YORK — Parents and educators are expressing concern over the content of televised Saturday morning cartoons, which are increasingly criticized for delaying the influence of the rapidly growing toy industry.

The cartoons, whose mayhem and firepower are striking to even the casual viewer, are in many cases little more than a nonstop sales pitch to children on all three major U.S. television networks and on many foreign stations.

The commercial appeal to children of televised cartoons is not new. In the 1960s, there were complaints that toy commercials often misled children by making the product appear sturdier and more

glamorous than the real item, and that they often perpetuated ethnic and racial stereotypes or made girls appear helpless, if not stupid.

But many see today's cartoons as worse. A recent segment of "Carters," a public television program, included allegations that the toy industry and the networks are "setting the cultural agenda for our children."

"To a great extent, the profit motive is determining what images and what values we transmit to the next generation," said Marty Goldensohn, the journalist responsible for the report.

According to the program:

• Commercials and programs have been merged. Toy companies not only produce the commercials

for their products, they also produce many of the children's programs, incorporating their products in the plots.

• Many toys are Rambo-like warriors or relate to terrorism or nuclear weaponry. Five of the 10 best-selling toys are "action figures," with GI Joe in the lead.

• Many toys come with such detailed descriptions of what they are and what they do that little is left to the children's imaginations.

• Many toys are "substitute companions" intended for solitary play.

Peggy Charren, the head of Action for Children's Television, an organization that aims to improve

programming, said: "With these shows, the need to sell is the driving force behind everything the program says and that makes it a commercial. There is something very nasty about the practice, because the reason we don't do it to adults is that adults wouldn't stand for it."

Before 1983, Federal Communications Commission guidelines prohibited the linking of commercials and programs. But the commission no longer enforcing the guidelines.

"This FCC doesn't believe in intruding itself in program decisions," said James Quello, a commissioner.

Doug Thomson, a representative of the Toy Manufacturers of America who spoke on the "Currents" program, conceded: "Children are targeted as consumers. They always have been, always will be."

When the Good Humor ice cream trucks rang their bells, he said, "They certainly weren't calling Mom and Dad; they were calling the children."

Mr. Thomson said the best way to get rid of objectionable programs "is simply to turn the TV off."

While parents do have a responsibility to control their children's television viewing and to counter values they do not endorse, many say that toys and shows about terrorism, violence, war and nuclear disaster create anxieties that cannot be easily overlooked.

U.S. Officials Concede They Acted Too Slowly on PCBs in '85

By Philip Shabecoff
New York Times Service

WASHINGTON — The Environmental Protection Agency knew about contamination by polychlorinated biphenyls, or PCBs, at specific sites along the Texas Eastern pipeline as early as the autumn of 1985 but took no immediate action to protect public health at the sites, according to internal agency documents.

Several agency officials said that they had not ruled out a criminal investigation of Texas Eastern and that such an investigation remained a distinct possibility.

A spokesman for Texas Eastern, Fred Wichele, said that the company had not moved quickly to deal with the contaminated waste sites.

But officials interviewed over the weekend conceded that, in retrospect, it appeared that the agency should have moved faster to protect the public from the contamination and at the least to have notified the state and local governments of the potential dangers.

The documents also show that the head of the agency's toxic substances program, John A. Moore, believed that the pipeline company might have "knowingly and willfully" violated the Toxic Substances Control Act.

Frederick Stiehl, the agency's associate enforcement counsel, said that "as we look back at it in retrospect, it certainly looks as if we could and should have acted faster."

Agency enforcement officials now are taking civil administrative

action against Texas Eastern Gas Pipeline, which has acknowledged burying PCBs at 51 sites along its right of way.

But agency officials have said they were not considering criminal charges against the company because there was no evidence that it willfully violated the law.

Mr. Wichele also said that the company had not knowingly or willfully violated the toxic substances law.

The manufacture of PCBs was banned by the 1976 toxic substances law after the chemical was found to be a cause of cancer and other diseases.

Under the law the toxic chemical was required to be disposed of by incineration at government-approved disposal sites.

But the agency documents, obtained from staff aides of the Senate Superfund and Environmental Oversight Subcommittee, indicated that the company continued to dispose of contaminated wastes in earthen pits along its pipeline through 1984.

Senator Frank R. Lautenberg, Democrat of New Jersey and chairman of the subcommittee, said Monday that the documents showed that "EPA sat on its hands for 18 months even after knowing about the PCB-laden pits."

Attachments to the letters gave specific details about the location, size and status of the disposal sites and information about the concentrations of PCBs.

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Denmark	D.Kr.	2,300	1,250	690	6.30	10	D.Kr. 3.7	D.Kr. 1,347
Finland*	F.M.	1,630	880	490	4.50	8	F.M. 3.5	F.M. 1,274
France	F.F.	1,400	760	420	3.85	7	F.F. 3.15	F.F. 1,147
Germany*	D.M.	560	300	170	1.55	2.7	D.M. 1.15	D.M. 419
Gr. Britain	£	120	65	36	0.33	0.55	£ 0.22	£ 80
Greece	Dr.	20,000	11,000	6,000	55	100	Dr. 45	Dr. 16,380
Ireland	£Irl.	140	77	42	0.38	0.70	£Irl. 0.32	£Irl. 116
Italy	Lire	350,000	190,000	105,000	960	1,800	Lire 840	Lire 305,760
Luxembourg	L.Fr.	10,700	5,800	3,200	29	50	L.Fr. 21	L.Fr. 7,644
Netherlands	Fl.	634	340	190	1.75	3	Fl. 1.25	Fl. 455
Norway*	N.Kr.	1,650	900	500	4.50	8	N.Kr. 3.50	N.Kr. 1,274
Portugal	Esc.	19,000	10,400	5,700	52	125	Esc. 73	Esc. 26,572
Spain*	Ptas.	26,500	14,600	8,000	73	135	Ptas. 62	Ptas. 22,568
Sweden*	S.Kr.	1,700	920	520	4.70	8	S.Kr. 3.30	S.Kr. 1,200
Switzerland	S.Fr.	490	270	148	1.35	2.50	S.Fr. 1.15	S.Fr. 418
Rest of Europe N. & French Africa, Middle East	\$	400	220	120	1.19	Varies by country	\$ 0.89	
Rest of Africa Gulf States, Asia	\$	550	300	165	1.64	Varies by country	\$ 1.51	

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ARTS / LEISURE



Vivienne Westwood's corsets, crowns and capes...



Galliano's leggy emphasis.

Westwood's Jokes, Galliano's Generosity

By Hebe Dorsey

International Herald Tribune
LONDON — With Vivienne Westwood, raw, satirical fun was back on London runways. Westwood, who revived the crinoline, or "crin" as she calls it, is responsible for a number of outlandish trends that, surprisingly, have been widely followed.

This time she spoofed royalty — gently but surely. The crown was the emblem of the collection and her models, naughty Lolitas, freckled faces smeared with lipstick, wore corsets and ermine capes.

Wearing cotton, little girl's cotton underwear, hair disheveled and looking like they just got up, they opened the show by dressing on the podium. Equally hilarious men models wore lipstick, gold earnings and pearls. All good fun, but there was serious fashion behind Westwood's wild delivery.

The "crin" — which generated no end of bubble skirts — is still very much around, circled with stiff wires and giving skirts a stiff, fully rounded look. Some of them fea-

tured seams that shaped them like strongly ribbed melons. Westwood put the "crin" under both short and long skirts, but short looked best. The newest element in this collection was a bodice cut like an old-fashioned corset, satin in front with elasticized sides. This seemingly unwearable garment had a lot of sneaky seductiveness and under-the-weather voyeurism behind it.

The little girl look was further emphasized by navy pinup dresses over strict white shirts. The most serious elements were all the A-shape, swaggy coats, touched up with shiny lame cuffs and collars. This trend has been around in Paris with Jean-Paul Gaultier and could very well dominate Paris runways this week.

Many of these garments were made of tweed, but there were also velvet curtains with hunting red jackets cut across by a royal sash. Black, heart-shaped lapels turned up on serious jackets worn with jodhpur pants.

Westwood's choice of models was also a riot. Instead of the usual

attempts at promotion and organization, the results are often pretty lame. Getting pictures and information before the shows is like getting blood out of a stone. The collections are badly lacking in style and cachet. The international ambience, which is so prominent in other fashion capitals, still lacks here. As a result, it all ends up looking terribly provincial.

However, official help is around.

On Sunday night, Harrods and the London Designer Collections gave a joint supper at the imposing Victorian Reform Club which was simply superb, with music unforgettable.

Prime Minister Margaret Thatcher held a reception for the fashion pros at 10 Downing Street.

Lord Rayne, president of the British Fashion Council said that last year he raised £80,000 (about \$50,000) from the private sector to match the £100,000 allotted by the government to help the industry.

Musical satire, indeed, is one of their strongest suits. They bring their first half to a riotous close with a deadpan cultural assault on all Continental croakers that begins, "Doesn't matter if you sing out of tune as long as you're German." They have a perfect down-beat, or just deadbeat, melody for it, and while intoning they drap themselves across stools in the painful odalisque poses favored by Liza Minnelli in "Cabaret." The staging, by Nica Burns, is nifty throughout.

I am less keen on Fascinating

Aida when they write mock-torch songs about getting involved with homosexuals ("Tell in love with a man in love with another man") or indeed with heterosexuals ("oh my shattered illusions"). The music never transcends what it is to be parodying, and the words aren't witty enough to help. But

LONDON FASHION

end, deserves a rich future because he is one of the most gifted designers of his generation. Galliano, who is in his early 20s, graduated from England's famed Saint Martin's school.

When he gets out from under the Japanese spell — and most specifically Yohji Yamamoto's — Galliano will be a great designer. As it is, his collection demonstrated remarkable technique coupled with imagination and a freewheeling sense of design. A generous designer, he kept pulling up a constant flow of ideas, and there was enough

to match the £100,000 allotted by the government to help the industry.

But the British designers still

have a long way to go. Despite their

GENERAL NEWS

Croatian Leaders Attack Wage Freeze

Reuters

BELGRADE — The Communist Party in the republic of Croatia has publicly attacked a wage freeze imposed by Prime Minister Branko Mikulic, Yugoslav newspapers said.

Western diplomats said the statements brought the authorities in the northern republic into open conflict with Mr. Mikulic's government and indicated that they would allow the wage freeze to be defied.

A report by the official Tanjug news agency said Croatian Central Committee leaders, at a meeting Monday night, blamed the wage freeze for provoking widespread strikes throughout Yugoslavia last

week. Tanjug said that most of the strikes have been in Croatia.

A Croatian trade union leader, Ivo Bilandzija, in an interview with the Zagreb magazine Danas, said any steps that the government imposed without the agreement of the workers were not "in the interest of the workers."

The freeze, which became law Feb. 27, reduces salaries to levels around the country have criticized the freeze. The freeze, it said, had limited economic scope and that it would be hard to reduce personal incomes.

It reported that hundreds of workers went on strike in the southern republic of Montenegro and that almost 2,000 workers went on strike for 12 days in the predominantly ethnic Albanian province of Kosovo.

Chernobyl Jars Poles Into Environmental Activism

By Jackson Diehl

Washington Post Service

WROCŁAW, Poland — Nine months after the Soviet nuclear accident in Chernobyl, several dozen Polish youths marched into the central square of the Old Town here and defiantly confronted policemen over a specific issue: They demanded that the city close a huge metal works that has poisoned Wroclaw's air and water supply.

The police soon moved in with truncheons and handcuffs, and two dozen of the youths were hauled off to short detentions and stiff summary fines. But the reverberations of the brief protest were lasting. Two weeks after the march in January by the Freedom and Peace organization, the provincial authorities decided to close the industrial plant within five years.

The public protest was only part of a strong movement of opposition to the plant both inside and outside the local establishment.

For many political activists in Wroclaw, the mobilization was a sign of how the Soviet nuclear accident in April 1986 has encouraged activists to focus on environmental issues in a country seriously threatened by pollution.

"The Chernobyl accident awakened us to the need to take a special interest in the environmental situation here," said Marek Prukowski, 26, a participant in the demonstration. "Now we have given an example of how people can organize to do something about the pollution that is threatening their local area."

Only a few dozen people are active in the Wroclaw chapter of Freedom and Peace, a loosely organized Polish opposition group that began with the issue of conscientious objection to military duty.

But the youths and their tactics have won the public endorsement of several officially recognized organizations.

Leaders of the banned Solidarity trade union and other opposition activists say environmental activity may help focus public pressure toward practical ends at a time that the Communist authorities are rejecting broader independent groups.

"The environment is one of the issues, like health or health, that could cause a social explosion in Poland," said Wladyslaw Frasynuk, the leader of Solidarity for National Rebirth reported in September. "More than 50 percent of Poland's land area is strongly affected by sulfur dioxide. Very little time is left to avert the threat of an ecological catastrophe."

Extensive critical reporting on the environment has been tolerated in the state-run press, and the Council of State set up an Environmental Protection Commission in January.

But many young environmental activists remain unimpressed.

"There are a lot of articles in the press and a lot of official statements," said Leszek Budrewicz, another member of the Wroclaw Freedom and Peace group, "but nothing is really being done. It is all propaganda meant to quiet the fears people have had after Chernobyl."

Bennington Raises Costs

United Press International

NEAR WROCLAW, Poland — Graham Johnson, a friend, "he changed the status of the accompanist so the art was recognized as being an integral part of any recital."

Mr. Moore appeared frequently with famous soloists, including Kathleen Ferrier, Elisabeth Schwarzkopf, Victoria De Los Angeles and Dietrich Fischer-Dieskau.

He spent 50 years as a professional pianist before retiring in 1967 and writing several books including his memoirs, "Am I Too Loud?"

Gerald Moore, 87, Is Dead; British Piano Accompanist

Reuters

LONDON — Gerald Moore, 87, a British pianist who played for some of the world's leading singers, has died at his home in central England, his family said.

Mr. Moore died in his sleep on Friday at Penn in Buckinghamshire, his family said.

"Almost single-handed," said

DEATH NOTICE

Bernie LUCKMANN, age 80, died in Kinsgurt on the 12th of March 1987. Thomas, Maya, Mara, Meika Luckmann.

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595 for further information.

Satirizing Aida's Success

By Robert Cushman

International Herald Tribune

LONDON — Just a few years ago

female entertainers, consciousness sharply risen, were coming at us in force, and always, it seemed, in trio formation. I don't know why, except that there has

always been a magical number in the theater. The most durable of the new lot has proved to be "Fascinating Aida" who might be the Andrews, Boswell or McGuire sisters, updated with social awareness.

"yuppies" (spelled out by FA as "yawningly uninteresting people

paid irritatingly excessive salaries")

went down a treat with a house

mainly composed of the species being assaulted, giving a new meaning to the phrase "target audience."

I wondered before going what they

would say that he means again.

That might be interesting, and

certainly the self-hatred of the in-

veterate Christian seducer — a half-Jew himself — should strike

sparks. But Finnegan, who has

written lively contemporary plays

about his native Ulster, has here

turned out the kind of historical

piece most writers get out of their

systems when they are 15.

Another gaping stage, the one at

Riverside Studios, proves embar-

rassing large for the play that

currently occupies it. "Ghetto," by

Seamus Finnegan should be staged,

if at all, in the most modest of

cellars where the lines could be

thrown tactfully away. Set in 16th

century Venice, the play shows a

small cabaret show in the gaping

large Piccadilly Theatre. It

turned out that what they were doing

was very well indeed. The place

is packed.

Social rather than political

awareness, since they do seem

out to convert us to anything or

even to attack anything. Rueful

confession is their stock-in-trade;

They are a middle-of-the-road

bunch, making fun of the idea of

being in the middle of the road.

Their most typical number is

"White's Blues," a lament by and

for all those who have failed to live

up to their radical ideals; who

would never dream of calling in the

police unless they happened to get

burglarized and who disapprove of

private medicine but carry health

insurance just in case. They are

singing, in fact, about all of us.

They have been at it since 1983,

although only one of the original

trio, Dillie Keane, remains. Her

two current cohorts are Adile An-

derson and Denise Wharnby.

Their vocal accomplishments en-

able them to start their current pro-

ceedings with a beautifully exact

lampoon of all the superbly poised,

classically trained groups who,

treating every song as if it were

something tossed off by one of the

Bush family on an off-day, have

done so much to raise popular mu-

sic to new and environs heights.

Musical satire, indeed, is one of

their strongest suits. They bring

their first half to a riotous close

with a deadpan cultural assault on

all Continental croakers that be-

gins, "Doesn't matter if you sing

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throughout.

However, official help is around.

On Sunday night, Harrods and the

London Designer Collections gave

a joint supper at the imposing Vic-

torian Reform Club which was sim-

ply superb, with music unforgettable.

The high Empire line also pre-

valued in stretch jersey, tight-fitting

and small-shouldered sheaths. New

WEDNESDAY, MARCH 18, 1987

INTERNATIONAL MANAGER

Desperately Seeking Sanity
In a Money-Minded MilieuBy SHERRY BUCHANAN
International Herald Tribune

LONDON — The caricature of the successful executive emerging from the insider trading scandals is that of a power-hungry human being with no sense of values or interest. Some observers are voicing increasing concern about the behavior of corporate leaders, and suggest that dysfunctional behavior is not limited to just a few top executives.

In his coming books, "Unstable at the Top," and "Prisoners of Organizational Behavior" at the European Institute of Business Administration in Fontainebleau, France, describes how corporate power distorts the perceptions of chief executives and how disastrous the consequences can be for a company.

In his book, "Modern Madness," published in the United States last fall, Douglas LaBier, a senior fellow at the Project on Technology, Work and Character, a Washington think tank identifies what he calls "the yuppie malaise." According to Mr. LaBier, one group of fast-track executives are driven by masochistic or sadistic needs.

The other larger group, "the working wounded," were fed on the dreams of the 1960s, which promised personal fulfillment in addition to success at work. Such people are struggling unsuccessfully to achieve a balance between their jobs and their lives.

"The problem is that there is no vision of what adult life should be," Mr. LaBier said. "The vision which is articulated is to pursue short-term selfish interests." He said that "there is no model in U.S. society" emphasizing "values and principles which the individual can live for something beyond just getting more money. I am convinced this is the central emotional problem of our time."

Other observers are concentrating on what makes the happier executives tick. Happy executives, according to experts in organizational behavior, have achieved an equilibrium between their work and personal life. They also have reconciled their work and their values rather than compromising their beliefs to get ahead.

ACCORDING to research by Larry L. Cummings, a professor of organizational behavior at Northwestern University's Kellogg Graduate School of Management, happy executives also have a sense of humor about themselves and about their work.

In a survey of 60 French chief executives by Club Convergence, a Paris organization of management consultants, two-thirds said they were happy and felt they had achieved an equilibrium between their own individual goals and corporate life.

"Over the last 15 years, I have seen one group of managers develop both professionally and personally, even though managing the conflicts between the job and your personal life can be painful," said Claude Egnei, an executive and mother who runs Cleas, an executive search firm in Paris.

"The other executives," she said, "became their job. They no longer feel pain because they stopped trying to reconcile their personal life and their job. I wondered who was right." Mrs. Egnei said she was surprised by the results of the survey, which showed that a greater percentage of executives had consciously tried to reconcile their personal lives and their jobs.

The average age of the chief executives surveyed by Club Convergence is 50. Does an emphasis on personal fulfillment come with age? Not necessarily. In his research, Mr. LaBier found that the majority of American executives over the age of 47 belonged to Mrs. Egnei's second group. They defined their self-worth in terms of their position and had adapted well to the corporate culture even though they may not have agreed with its values at the start — thereby eliminating conflict.

Currency Rates

Cross Rates		March 17	
1	5	1.044	1.044
Amsterdam	2.088	2.079	2.079
Brussels (ex)	2.025	2.015	2.015
Frankfurt	1.927	2.02	2.02
London (b)	1.978	—	2.003
Milan	2.018	2.015	2.015
New York (c)	1.002	1.002	1.002
Paris	1.092	1.095	1.095
Tokyo	1.5145	1.5272	1.5251
Zurich	1.3115	2.44	2.435
1 ECU	1.122	0.712	0.704
1 SDR	1.269	0.797	0.787

Closings in London and Zurich. Figures in other European centers, New York rates of 1/4 P.M. (a) Commercial (ex) rate. (b) London rate to buy one pound (c) Amounts needed to buy one dollar (1) Units of 1,000 (1) Units of 10,000 (L.G.) not available (N.A.) not available (2) To buy one pound: S.D.R. 1.044

Other Dollar Values		March 17	
Currency per U.S. \$			
Austria, 1 year	1.249	1.451	1.458
Austria, 5	1.230	1.345	1.352
India, retail	38.51	39.00	39.50
India, retail	38.71	39.20	39.70
Portuguese	20.27	20.40	20.50
Colombia	1.215	1.215	1.215
Chile	3.21	3.21	3.21
Kuwait	0.711	0.711	0.711
Kuwait, spot	0.711	0.711	0.711
Malta, ring	2.023	2.023	2.023

1 Sterling: 1.099 Irish £
Source: Indescom (Brussels); Banca Commerciale Italiana (Milan); Banca Nazionale del Porta (Porto); Bank of Tokyo (Tokyo); IMF (SDR); BAN (dollar, retail, official); Combank (Brussels). Other data from Reuters and AP.

Interest Rates

Interest Rates		March 27	
Interest Deposits		French	French
Dollar	D-Mark	Swiss	ECU SDR
1 month	5 1/4-5 1/2	4 1/2-5 1/2	10-11 1/2
2 months	5 1/4-5 1/2	4 1/2-5 1/2	9 1/2-10 1/2
3 months	5 1/4-5 1/2	4 1/2-5 1/2	9 1/2-10 1/2
4 months	5 1/4-5 1/2	4 1/2-5 1/2	9 1/2-10 1/2
5 years	5 1/4-5 1/2	5 1/2-6 1/2	9 1/2-10 1/2

Sources: Morgan Guaranty (dollar, DM, SF, Pound, FF), Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates Mar. 17		Asian Dollar Deposits March 17	
United States	Class. Prev.	1 month	6 1/2-6 1/2
Discount rate	5.5	2 months	5 1/2-6 1/2
Prime rate	7.5	3 months	5 1/2-6 1/2
1-month T-bill	5.5	4 months	5 1/2-6 1/2
2-month Treasury bills	5.5	1 year	5 1/2-6 1/2
3-month Treasury bills	5.5		
3-month CDs	5.5		
5-month CDs	5.5		
10-month CDs	5.5		
Discount rate	2.5		
10-month CDs	5.5		
1-month interbank	5.5		
3-month interbank	5.5		
5-month interbank	5.5		
10-month interbank	5.5		
1-month CDs	5.5		
3-month CDs	5.5		
5-month CDs	5.5		
10-month CDs	5.5		
1-month interbank	5.5		
3-month interbank	5.5		
5-month interbank	5.5		
10-month interbank	5.5		

U.S. Money Market Funds March 17	
Merrill Lynch Ready Assets	5.49
30-day average yield:	5.49
Telstar Interest Rate Index:	4.07%
Source: Merrill Lynch, Telstar.	

Gold

March 17		
A.M.	P.M.	
Hong Kong	404.5	404.30
Luxembourg	407.57	408.44
Paris (125 gms)	404.30	404.50
Zurich	404.30	404.35
London	404.30	404.35
—	—	—
Luxembourg, Paris and London official closing prices: Hong Kong: New York spot market closing prices: All prices in U.S. \$ per ounce.	Source: Reuters	

Sources: Reuters, Bank of Tokyo, Commerzbank, Credit Lyonnais

BUSINESS/FINANCE

Herald Tribune

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Panasonic

Office Automation OA

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VW Had Warning On Fraud Lawyer Says He Sought Meeting

By Ferdinand Prottzman
International Herald Tribune

FRANKFURT — Volkswagen AG's supervisory board chairman was approached five weeks ago by an attorney representing a client involved in fraudulent foreign exchange trading at the giant automobile, but refused a meeting to discuss the client's confession, a West German newspaper reported.

In an article published Tuesday in the Frankfurter Allgemeine Zeitung, Egon J. Geis, a Frankfurt defense attorney, said he spoke with Volkswagen's supervisory board chairman, Karl Gustav Rajen, about a letter from a client involved in the affair, and said "a confession will follow shortly."

But in the telephone conversation on Feb. 10, Mr. Rajen declined to meet with Mr. Geis, and in a subsequent letter, replied that he was not the most suitable person to deal with the matter, according to the article. In that conversation, Mr. Geis also told Mr. Rajen that there were losses reaching a three-digit million height."

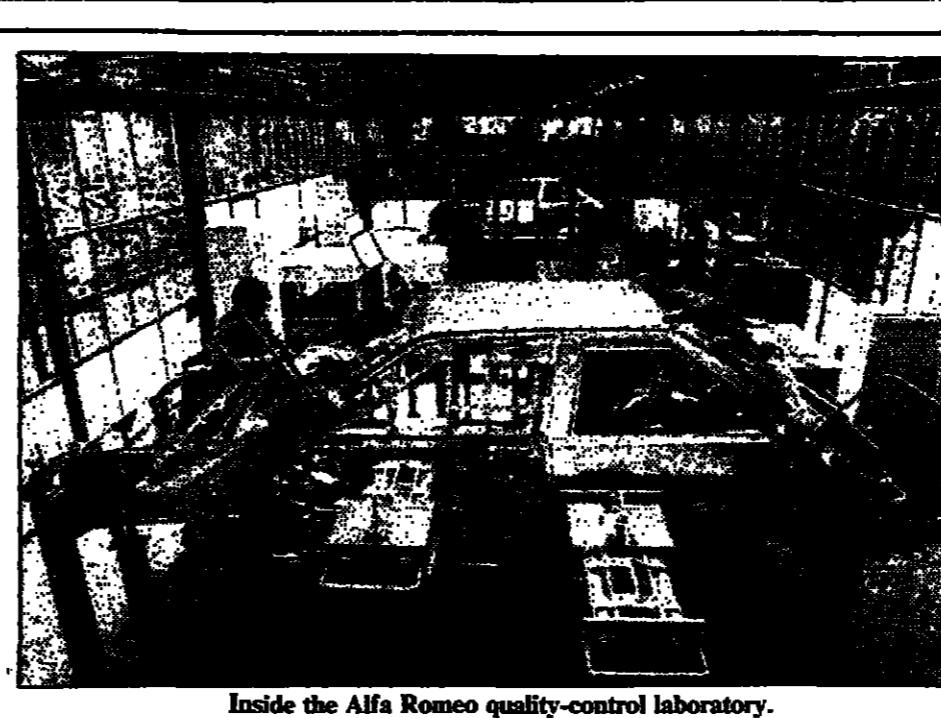
If true, Mr. Geis' comments would be in contradiction to Volkswagen's contentions that it was ignorant until Feb. 18 of what it alleges were illegal foreign exchange dealings. The company says the losses could cost it as much as 480 million Deutsche marks (\$259 million).

The correspondence has been given to the Frankfurt prosecutor.

Banking sources in Frankfurt said the news further damages the reputation of VW's managers. They said Volkswagen had embarked on a \$2 billion hedging program, probably beginning in late 1984, to protect it from a dollar decline, that must have been approved by the company's top managers.

But Mr. Geis' comments shed no light on the mechanics of the fraud, banking sources said.

In the conversation of Feb. 10, Mr. Rajen requested the client's letter be sent by mail and said he was aware of manipulations in the company's foreign exchange trad-



Inside the Alfa Romeo quality-control laboratory.

Alfa Tries to Reclaim Days of Glory

Fiat Unit to Rebuild Around Model 164, Due Next Fall

By John Tagliabue
New York Times Service

ARESE, Italy — For Alfa Romeo, the Italian maker of fast and expensive automobiles, there were days of glory, as when Dustin Hoffman drove a jaunty Alfa Duetto off into a Pacific sunset in the movie "The Graduate." And although the tale may be apocryphal, people here still relate how Henry Ford always tipped his hat when an Alfa drove by.

But Alfa's gleam had dulled by January of this year, when Fiat SpA, the largest Italian automaker, outbid Ford Motor Co. to acquire Alfa's assets.

Now, Fiat is unfolding a strategy to combine Alfa and Lancia, Fiat's big-car division, to carve out a larger share of the lucrative market for big and powerful automobiles. That market, with its fat profit margins, has been the domain of such northern European automakers as Volvo, Daimler-Benz and Bayerische Motoren Werke AG, the maker of BMW cars.

Those luxury-car companies have reaped huge profits across the Atlantic in recent years, thanks to America's appetite for expensive European automobiles. In response, General Motors Corp. has begun selling the

Alfa Romeo's world-wide auto sales, in thousands.

Year	Sales
'81	200
'82	195
'83	190
'84	185
'85	180
'86	185
'87	190

*Preliminary.

After Big '85 Loss
Net losses, in billions of Italian lire. Result for 1986 is also expected to be a loss

Year	
------	--

NYSE Most Actives						
Vol.	High	Low	Last	Chg.		
Philip Morris	1,129	124	119	142	+ 1/2	
Oakland	1,142	124	126	134	+ 1/2	
General Mills	1,142	124	126	134	+ 1/2	
USAir	1,247	25	26	24	+ 1/2	
Chevron	1,242	55	55	55	+ 1/2	
Schimb	1,002	37	37	37	+ 1/2	
AT&T	1,252	12	12	12	+ 1/2	
Motorola	1,364	46	45	45	+ 1/2	
USFO	1,364	46	45	45	+ 1/2	
Texaco	1,364	37	37	37	+ 1/2	
Toy R Us	1,257	47	47	47	+ 1/2	
Mobil	1,257	47	47	47	+ 1/2	

Market Sales						
NYSE 4 p.m. volume	177,241,100					
NYSE prev. close, close	156,423,270					
Amex 4 p.m. volume	15,261,000					
Options, futures, close	12,671,000					
OTC 4 p.m. volume	151,920,100					
OTC 4 p.m. volume	151,920,100					
NYSE volume up	130,149,200					
NYSE volume down	35,471,200					
Amex volume up	3,541,000					
Amex volume down	3,541,000					
OTC volume up	37,443,200					
OTC volume down	37,443,200					

NYSE Index						
High	Low	Close	Chg.			
Compustat	140.07	140.23	140.00	+ 1/2		
Industrials	137.70	138.00	137.70	+ 1/2		
Trans.	162.41	161.41	162.41	+ 1/2		
Finance	162.41	161.41	162.41	+ 1/2		

Tuesday's NYSE Closing

Via The Associated Press

NYSE Diary						
Class	Prev.					
Advanced	557					
Declined	546					
Unchanged	1041					
Total Issues	3,977					
New Highs	52					
New Lows	51					

Odd-Lot Trading in N.Y.						
Sell	Buy	Sell	Buy	Sell	Buy	Sell
March 15	301,974	220,202	17,932			
March 16	303,520	227,024	17,932			
March 17	307,397	228,335	17,932			
March 18	302,695	217,641	17,932			

Tables include the nationwide prices up to the closing on Wall Street and do not reflect lots trades elsewhere.

Dow Jones Bond Averages

	Close	Chg.
Bonds	94.77	+ 0.04
Utilities	92.88	+ 0.11
Industries	72.45	- 0.57

NYSE Index						
High	Low	Close	Chg.			
Industrials	226.16	226.78	226.21	+ 0.67		
Utilities	228.28	228.60	228.35	+ 0.24		
Finance	226.27	226.50	226.24	+ 0.24		

AMEX Diary						
Close	Prev.					
Advanced	216					
Declined	216					
Unchanged	216					
Total Issues	2,121					
New Highs	24					
New Lows	24					

NASDAQ Index						
High	Low	Close	Chg.			
Composite	224.88	224.88	224.88	+ 0.67		
Industrials	227.78	227.80	227.78	+ 0.24		
Utilities	228.28	228.35	228.35	+ 0.24		
Finance	227.70	227.75	227.70	+ 0.24		

AMEX Most Actives						
Vol.	High	Low	Last	Chg.		
BAT	726	85	85	+ 1/2		
WDGld	2,020	2,020	2,020	+ 1/2		
AT&T	3,653	155	151	+ 1/2		
Wells	2,021	2,021	2,021	+ 1/2		
TexAir	1,021	102	102	+ 1/2		
Amoco	2,021	2,021	2,021	+ 1/2		
LuTel	2,022	174	174	+ 1/2		
NRCA	1,021	102	102	+ 1/2		
AMR	1,022	102	102	+ 1/2		
PatPac	1,022	102	102	+ 1/2		

AMEX Stock Index						
High	Low	Close	Chg.			
335.34	312.02	313.24	+ 1/2			

NYSE Indexes at Record Highs

Reuters

NEW YORK — Prices on the New York Stock Exchange rose to record highs on Tuesday, with the Dow Jones Industrial Average recording its biggest one-day gain in a month.

The Dow Jones Industrial average, which fell 10.22 Monday, closed 36.36 higher at 2,284.80, a record. The previous Dow high was 2,280.23 on March 6.

Advances led declines by a 5-to-2 ratio. Volume was about 174.3 million shares, compared with 174.9 million Monday.

The Dow's gain, which followed four sessions of losses, was the biggest one-day advance since March 17, when the index jumped a record 54.14 points.

Broad-market indexes also rose to record highs. The New York Stock Exchange composite index rose 2.07 to a new record high of 166.41. The old mark

BUSINESS ROUNDUP

Conrail Sale May Bring \$1.7 Billion

Reuters

NEW YORK — In what will be easily the largest initial public offering in U.S. history, Consolidated Rail Corp. has estimated that the sale of its government-owned shares could earn the freight railroad as much as \$1.7 billion.

In an amended statement filed Monday with the Securities and Exchange Commission, Conrail said the public offering of \$8.6 million shares could come as early as next week.

It estimated that the shares would sell for \$26 to \$29 each, slightly higher than anticipated in Conrail's initial prospectus.

A sale in this price range would net \$1.53 billion to \$1.7 billion for Conrail's shares, with \$2 million sold in North America and the remainder in an international offering.

"It's been a very well-received issue according to initial indications," said one analyst at a Wall Street brokerage firm who spoke on the condition that he not be named.

The previous largest initial public offering in the United States

came last May, when Henley Group Inc., a diverse collection of 38 companies spun off by Allied-Signal Corp., raised \$1.19 billion.

It was the first initial public offering in the United States to exceed \$1 billion.

Conrail was created by the government in the mid-1970s from the bankrupt Penn Central Railroad and six other bankrupt or failing railroads in the northeastern United States.

It is the first initial public offering in the United States to exceed \$1 billion.

SMH Says Profit Rose About 15% Last Year

Reuters

BIENNE, Switzerland — The country's leading watch maker, which produces the Omega, Tissot and Swatch brands, estimated Tuesday that its profit rose about 15 percent last year.

Societe Suisse de Microelectronique et d'Horlogerie, or SMH, said that the growth came despite a weaker dollar, which allowed only a 1.2 percent increase in sales from the 1985 total of 1.79 billion Swiss francs (\$1.16 billion).

Jaguar Pins U.S. Sales Hopes On Revamp of XJ6 Mainstay

Reuters

DETROIT — Jaguar PLC, the revitalized British car maker, will make a new assault on the U.S. market with the launch this month of a redesigned version of its mainstay XJ6 luxury sedan.

In 1980, Jaguar had only 3,024 U.S. sales out of 14,000 worldwide. But a new emphasis on quality has brought spectacular growth.

Now, 55 percent of sales are in the United States and 70 percent of revenue, according to Graham Whitehead, head of the company's U.S. sales unit, Jaguar Cars Inc.

"The next few weeks are ones of great significance to Jaguar in the U.S., since the XJ6 represents 80 percent of our product line," he said in an interview.

He said it had been 17 years since Jaguar had made a complete overhaul of its leading model.

The main changes, Mr. Whitehead said, are a new, lighter body, a 3.6-liter all-aluminum engine to improve fuel efficiency and a design incorporating fewer body panels.

els that makes the car easier to build.

New XJ6 models are expected to carry prices of around \$40,000, compared with about \$37,500 for the current version.

Jaguar expects to sell about 25,500 cars in the United States this year, compared with 24,464 in 1986 and 10,000 in 1982.

The United States will continue to be Jaguar's major market and sales there should reach 30,000 by 1990, Mr. Whitehead said.

There is still considerable room for expansion since the Coventry factory is expected to reach an annual capacity of 60,000 cars by 1990, compared with the projected production of 47,000 this year and 41,400 in 1986.

Jaguar, formerly a unit of the government-owned BL PLC, was returned to private ownership in August 1984.

Pre-tax profit for 1986 fell to \$83.4 million from £121.3 million in 1985, on revenue of £830.4 million, up from £746.5 million.

Reacting to Mr. Geis's allegations, Volkswagen said Tuesday: "Regrettably, Mr. Geis reported only about one part of his contacts with Volkswagen AG."

VW confirmed the exchange of letters and conversations with Mr. Rajen and said a meeting with VW's managing board chairman, Carl H. Hahn, and Mr. Geis had taken place Feb. 24.

"Contrary to expectations, and in contradiction to a phone conversation the previous day, Mr. Geis did not deliver his client's letter," VW said. "He also said he was no longer authorized to give the name of his client."

Honda Shifts Some Motorcycle Building to U.S.

Reuters

TOKYO — Honda Motor Co. said Tuesday it had shifted production of some large motorcycles to its U.S. subsidiary, Honda Motor of America Inc., partly because of the year's appreciation against the dollar.

A parent company spokesman said motorcycles with an engine capacity of 700cc and bigger for sale in the United States will be produced at Honda's Ohio plant.

Motorcycle output in Ohio was 28,000 in 1986, down 33 percent from 1985, but the shift will raise output to 44,000 in 1987, the spokesman said.

According to industry sources, the shift was also due partly to tariffs on big motorcycles that the United States began imposing in 1983 to help the U.S. industry reconstruct. The tariff is now 14.5 percent.

Royal Trust Boosting Foreign Share of Earnings

Reuters

TORONTO — Royal Trust, a unique among Canadian trust companies, is pursuing a global expansion that could lift the foreign share of its yearly earnings to 50 percent, according to the company's president, Michael Cornelissen.

Global operations, which made up 22 percent of Royal Trust's 154 million Canadian dollar (\$117 million) net profit in 1986, will post 33 percent growth in profit this year, Mr. Cornelissen said in an interview, while total company profit is expected to rise 15 percent.

He said the foreign share of total profit would rise to 26 percent in 1987 and to 44 percent by 1990.

Michael Walsh, a financial services analyst with First Marathon Securities Ltd., said Royal Trust's target was attainable.

"But it will be a tremendous achievement," he said, "because they're going to have to build an international earnings base larger than the earnings of a lot of significant domestic trust companies."

Royal Trust has assets of about 19.54 billion dollars and administers assets of 71.85 billion dollars, more than any other Canadian trust. It began its aggressive global strategy in the 1980s, when other Canadian trusts, the equiva-

lent of U.S. savings and loans, were focusing on domestic retail banking.

The company's ambitions were whetted by heightened domestic competition and impressive growth at its London bank operations, which attained full British banking powers in 1986, Mr. Cornelissen said.

Last year, Royal Trust moved into Continental Europe and Asia with its 239 million dollar (\$117 million) net profit in 1986, will post 33 percent growth in profit this year, Mr. Cornelissen said in an interview, while total company profit is expected to rise 15 percent.

He said it was a heaven-sent opportunity," Mr. Cornelissen said of the Dow acquisition. "We achieved in one year what would otherwise have taken 5 to 10 years to set up."

Mr. Cornelissen said that Royal Trust would shun direct competition with major global financial institutions in activities such as international lending and stock brokerage, in order to exploit profitable niches overseas in traditional trust activities such as asset management, private banking and advisory services.

He said that Royal Trust hoped to complete negotiations this month to sell its London-based Savory Mills Ltd. brokerage, acquired in the Dow financial agreement. Swiss Bank Corp. has been negotiating to buy the brokerage.

Central to Royal Trust's strategy is rapid economic growth in Asia and huge pools of Japanese capital, Mr. Cornelissen said.

Citing statistics indicating that by the year 2000 Asia will contain two-thirds of the world's population and 50 percent of global productive capacity, Mr. Cornelissen said: "We knew we had to be there."

Royal Trust's 14 international locations include offices in Tokyo, Hong Kong and Singapore. The company also recently listed its shares on the Tokyo Stock Exchange.

Mr. Cornelissen said the company was stressing growth within its overseas units and did not foresee any acquisitions in the immediate future.

In 1983, Royal Trust sold its Florida bank units. Mr. Cornelissen said the company had faced a trust services market well covered by hundreds of small regional banks.

"That doesn't mean to say we shouldn't be in the U.S.," he said. "That probably one area that we will probably do something with in the next five years."

He said the company would continue to emphasize its home market, which Mr. Cornelissen and financial-services analysts agreed would remain vital to Royal Trust.

All of these securities have been sold. This announcement appears as a matter of record only.

March 1987

2,550,000 Shares

TELEMATICS

Common Stock

This portion of the offering was offered in the United States and Canada by the undersigned.

2,050,000 Shares

Alex. Brown & Sons Incorporated

Robertson, Colman & Stephens

Bear, Stearns & Co. Inc.

The First Boston Corporation

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette Securities Corporation

Drexel Burnham Lambert Incorporated

Goldman, Sachs & Co.

Hambrecht & Quist Incorporated

E. F. Hutton & Company Inc.

Kidder, Peabody & Co. Incorporated

Lazard Frères & Co.

Merrill Lynch Capital Markets

Montgomery Securities

Morgan Stanley & Co. Incorporated

PaineWebber Incorporated

Prudential-Bache Capital Funding

Salomon Brothers Inc.

Shearson Lehman Brothers Inc.

Dean Witter Reynolds Inc.

Smith Barney, Harris Upham & Co. Incorporated

Wertheim Schroder & Co. Incorporated

A. G. Edwards & Sons, Inc.

Allen & Company Incorporated

William Blair & Company Incorporated

Dain Bosworth Incorporated

Oppenheimer & Co., Inc. Incorporated

Piper, Jaffray & Hopwood Incorporated

The Robinson-Humphrey Company, Inc.

Thomson McKinnon Securities Inc.

Wheat, First Securities, Inc.

Advest, Inc.

Arnhold and S. Bleichroeder, Inc.

Robert W. Baird & Co. Incorporated

Bateman Eichler, Hill Richards Incorporated

Sanford C. Bernstein & Co., Inc.

Blunt Ellis & Loewi Incorporated

Boettcher & Company, Inc.

Butcher & Singer Inc. Cazenove Inc.

The Chicago Corporation

Cowen & Co.

R. G. Dickinson & Co. Eberstadt Fleming Inc.

First Albany Corporation

First Manhattan Co.

Howard, Weil, Labouisse, Friedrichs Incorporated

Interstate Securities Corporation

Janney Montgomery Scott Inc.

Johnson, Lane, Space, Smith & Co., Inc.

Johnston, Lemon & Co. Incorporated

Kleinwort Benson Incorporated

Legg Mason Wood Walker Incorporated

McDonald & Company Securities Inc.

Morgan Keegan & Company, Inc.

Moseley Securities Corporation

Neuberger & Berman

Nippon Kangyo Kakumaru International, Inc.

The Ohio Company Raymond, James & Associates, Inc.

Johnston, Lemon & Co. Incorporated

Rothschild Inc.

Stephens Inc. Sutro & Co. Incorporated

Tucker, Anthony & R. L. Day, Inc.

Anderson & Strudwick Incorporated

Baldwin Capital Partners

JW Charles-Bush Securities, Inc.

Carolina Securities Corporation

Robert C. Carr & Co., Inc.

First Equity Corporation of Florida

Gabelli & Company, Inc.

J. J. B. Hilliard, W. L. Lyons, Inc.

Investment Corporation of Virginia

Morgan, Olmstead, Kennedy & Gardner Incorporated

Needham & Company, Inc.

Parker/Hunter Incorporated

Scott & Stringfellow, Inc.

Swergold, Cheifitz & Sinsabangh, Inc.

This portion of the offering was offered outside the United States and Canada by the undersigned.

500,000 Shares

Alex. Brown International Incorporated

Robertson, Colman & Stephens

Hambros Bank Limited

Algemene Bank Nederland N.V.

Banca del Gottardo

Banque Indosuez

Banque Paribas Capital Markets Limited

Baring Brothers & Co., Limited

Credit Suisse First Boston Limited

Morgan Grenfell & Co. Limited

Pictet International Ltd

Scrimgeour Vickers & Co.

J. Henry Schroder Wagg & Co. Limited

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CURRENCY MARKETS

Budget Lifts Pound to 4-Year High

By Our Staff From Dispatches
NEW YORK — The British pound rose sharply Tuesday as investors rushed to beat a predicted cut in British interest rates, while the dollar advanced from earlier lows to finish mixed on the day.

The pound closed above \$1.60 for the first time since December 1982, rising to \$1.6040 in New York from \$1.5870 at Monday's close.

The British budget for the fiscal year beginning April 1, unveiled in Parliament by the chancellor of the U.K. budget, said Chas Dickson, vice president of Salomon Brothers International. "The primary reason for sterling's strength is to take advantage of yields that are expected to come down very soon."

It is widely expected that the British budget will prompt a reduction of one percentage point in exchange rates around their current levels. (UPI, Reuters)

London Dollar Rates

Closing: Tues. Mar. 17
Dollar market 1.6075
Pound sterling 1.5870
Japanese yen 101.90
Swiss franc 1.5900
French franc 4.7125

Source: Reuters

rate from the current level of 10.5 percent and that investors will seek to lock in high yields in currencies of stable countries.

Other factors contributing to the pound's strength are the sharp rise in oil prices and a belief that the currency intervention endorsed in a Feb. 22 pact by six industrialized nations in Paris focused on the mark and the yen.

In London, the pound ended at \$1.5978, off the day's highs but up from \$1.5835 Monday. The dollar closed at 1.8735 DM, unchanged, and at 151.38 yen, up from 151.38.

The pound's rise sent the dollar down earlier, but it recovered when the U.S. Treasury secretary, James A. Baker 3d, told a House subcommittee that the currency pact "should foster more stability in exchange rates around their current levels."

(UPI, Reuters)

francs from 6.1050 and to 1.5335 Swiss francs from 1.5330.

"The focus was on sterling and the U.K. budget," said Chas Dickson, vice president of Salomon Brothers International. "The primary reason for sterling's strength is to take advantage of yields that are expected to come down very soon."

It is widely expected that the British budget will prompt a reduction of one percentage point in exchange rates around their current levels. (UPI, Reuters)

Bidders for CGCT Criticize Delors

By Axel Krause
International Herald Tribune

PARIS — Several West European telecommunications executives on Tuesday assailed a proposal by Jacques Delors, president of the European Commission, that the French government award control of France's second largest telecommunications company to Siemens AG of West Germany.

Mr. Delors argued Sunday that awarding control of state-owned Compagnie Générale de Constructions Téléphoniques to Siemens would stimulate industrial cooperation within the European Community.

But Delors was wrong. He would have done better to look more closely at the situation, because we happen to be very Euro-

pean," said François Le Menseul, managing director of Société d'Antenne de Télécommunications of France, at a news conference.

SAT, a privately owned telecommunications company, has submitted one of five competing bids for control of CGCT with its partner, a joint venture of American Telephone & Telegraph Co. and Philips NV of the Netherlands.

Mr. Huisman, a Philips vice president, stated, "Philips regrets that politics has taken the upper hand in this matter." He said it was "an insult" to imply that companies involved in the SAT-AT&T-Philips bid were not European.

The French government has set April 30 as the deadline for deciding which of the five groups will receive control of CGCT.

FUJITSU: 'Sabotage' Claim

(Continued from Page 1)

1987. The reduction is expected to continue into the second quarter.

Fujitsu itself issued a terse one-paragraph statement that appeared to emphasize the political nature of the issue.

It read: "While Fujitsu and Schlumberger reached an agreement in principle last October for integrating Schlumberger's Fairchild semiconductor operations and Fujitsu's U.S. and European semiconductor operations, Fujitsu and Schlumberger agreed to terminate such a plan in view of the rising political concerns in the United States."

The acquisition would have given Fujitsu control of a comprehensive North American sales and distribution system and access to microprocessor technology, an area where it is weak, analysts said.

It also would have given it 14 additional microchip production facilities worldwide, eight of them in the United States.

"It was an entry point, a port for semiconductors and a marketing channel for other things," said Rick May, who follows the industry for Barclays de Zoete Wedd, a banking and securities concern.

But, several analysts agreed, the purchase would not have given Fujitsu access to or control over critical U.S. military technology, despite U.S. officials' concern.

"Fairchild simply doesn't have key technology," Mr. May said. "That's a thing of the past."

The furor could also wind up harming U.S. companies.

"This is not really of benefit to U.S. firms either," said Nick Edwards, an analyst with Jardine Fleming Securities in London.

The French government has set

April 30 as the deadline for deciding which of the five groups will receive control of CGCT.

"It's a leap without a net," said Mauro Cappi, an Alfa spokesman.

Demand Wilts for Debt Securities of Exposed U.S. Banks

By Our Staff From Dispatches
NEW YORK — Debt securities issued by major U.S. banks are under pressure in the secondary market as investors shy away from the paper because of Brazil's suspension of interest payments, analysts and traders say.

Brazil announced Feb. 20 that it would suspend interest payments on \$68 billion owed to foreign commercial banks. No date was established for the renewal of payments. As a result, bank securities have become very difficult to sell despite a rise in their yields, one corporate bond trader said Monday.

"Debt issues of major money center banks will probably continue to trade off until such time as the Brazil situation is resolved," said Loretta Neuhaus, a vice president with Merrill Lynch Capital Markets.

Reuters

"I have not told any of our investors to stay away from the banks in general," she added. "But I have not received too many inquiries by prospective buyers lately, either."

Traders said that debt securities of U.S. banks that are perceived by investors to be heavily exposed to Latin American debtor nations declined moderately in price last week. The difference between bids and offers widened, they added.

"There is not much trading of bank issues these days," an underwriter said. But he and others noted that the secondary market has not seen heavy selling by institutions, funds and other investors. "The selling has been steady over the past couple of weeks," another trader said, "but it has been far from panicky."

Institutional sources said Friday that Salomon Brothers Inc. lowered its investment ratings on stocks of all U.S. money centers. But the sources said the move was not perceived as a sell recommendation.

The institutional sources said that Salomon lowered the ratings to M from O-plus on bank stocks. Bond traders said that the action affected the secondary market and further undermined confidence in bank paper.

The sources said that Salomon cited a filing with the Securities and Exchange Commission by Citibank, the lead bank of Citicorp. Citibank said Friday it told the SEC that its net earnings could be reduced by \$700 million for all of 1987 if it had to declare \$3.9 billion of Brazilian loans nonperforming.

ALFA: Fiat Unit Plans to Rebuild Around the Model 164, Due This Autumn

(Continued from first finance page)

man, in this near company town north of Milan. "It's got to work."

In principle, analysts approve the strategy, although they warn of the risks involved. "It's essential for Fiat to move up-market, because that's where the fat profits

are," said Detlev Borscheid, an analyst at Marketing Systems, a consulting company in Essen, West Germany. "But to do that, you must have quality and image."

Lately, Alfa has had little of either. Its problems mounted over the past dozen years, as low productivity, lagging investments in new products and technology, and a fast-spinning carousel of new managers caused sales to shrink and losses to pile up.

Last year, Alfa suspended an unusual joint venture with Japan's Nissan Motor Co. to make a compact car near Naples called the Arna, after Italians failed to warm to the Arna's bland looks.

The goal is to rebuild Alfa around a new flagship, the 164 model, with a big six-cylinder en-

gine and a top speed of 145 mph (230 kph). The car is based on a joint development by Alfa, Fiat and Sweden's Saab-Scania AB.

The 164 is to be unveiled next autumn at Frankfurt's auto show, underscoring the intention to return on the Germans' on their home court.

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In addition, although Europe's affection for large luxury automobiles is expected to continue in such prosperous areas as West Germany and the Netherlands, companies like Daimler-Benz, Audi and Volvo expect the Japanese to follow their big-car invasion of North America with a similar drive into the European luxury market, which they have thus far ignored.

Fiat, after a profitable year, is not in a crisis. But it realizes that to sustain growth in the increasingly competitive European market, success in larger cars is crucial.

Fiat's car division edged back from disaster in the early 1980s by selling large numbers of small, low-priced automobiles in such southern European countries as Italy and Spain and in such developing nations as Brazil.

But competition from the Japanese and from American and other European automakers, particularly GM and Volkswagen AG, has grown fierce, and Fiat executives are seeking to offset the pressure by increasing sales of top-of-the-line cars.

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SPORTS

Czech Hockey Player Finds a Place, If Not a Home, in NHL

By William Gildea
Washington Post Service

WASHINGTON — When Michal Pivonka defected from Czechoslovakia last summer, he took with him his fiancee, who was staying alone.

And in his first season with the Washington Capitals of the National Hockey League, the 20-year-old Pivonka can thank Renata Nekyndova for making the bad times better and the good ones sweater.

"It was much easier for me," said Pivonka. "When I talked with the guy from Minnesota, Musi" — Frantisek Musil, who had left Czechoslovakia about the same time and joined the Minnesota North Stars — "he came alone. He told me he lived with a nice American family. They gave him a room, they give him a phone, everything he wants. But he said, 'I came to my room at night and nobody was home.'"

That is not long, Poile believes.

The Americanization of Michal Pivonka is, officially, a five-year proposition, after which he can become a U.S. citizen. It may not take that long for him to adjust to life in the West, or life in the NHL — he has 17 goals and 25 assists this season — but the Capitals' general manager, David Poile, who brought him to the United States, believes it could take years before Pivonka feels at home in either arena.

"It was a big deal bringing Michal over and everybody probably had some expectations that were above what we'd expect from a Canadian kid or an American kid coming in here," said the Capitals' coach, Bryan Murray. "But I'm very happy with him."

"Since mid-January, he's come back to the level where we thought he would be at this point. He's playing fairly strong, he's shooting the puck pretty well now. But he's playing in a position that I think he

should play in, and that is not first or second center, but third or fourth center."

"Maybe early on, we were forced because of numbers to play him pretty high in our lineup. The thing that was happening to Michal was that he was put into situations against top opponents, and having a hard time defensively in particular."

"The thing that was a problem early on was the way they play center in Czechoslovakia, to protect the points. We play our center to help our defense."

"So we're pretty happy with him now because of the opponent we're able to match him against and the way he's starting to play. I think he's finding more comfortable as well."

But not yet feeling at home.

"I still miss my parents, my sister," Pivonka said. "I don't know when I can see them. I can phone them. I phone them once a week."

"I'm not everything."

"And there is the money."

"It's not easy, but you know when I came here I didn't speak English too much. I understood it a little bit. The first two months, many people helped me. I was starting a whole new life."

"At the beginning of the season I figured I was a very good player, but in December and January, I don't know what happened. I don't score."

"But I feel much better in the last month, and I think I will to the end of the season."

"Teammates Gaetan Duchesne and Kevin Hatchett have helped Pivonka and Nekyndova get settled.

She is studying English and taking tennis lessons. In high school, she was a long jumper and was majoring in physical education in a university before they left. They rent a house

and plan to buy one after the season.

In the summer, Pivonka wants to

"Maybe I was tired. Hard legs or something. First year, I don't know. It's much different. In Czechoslovakia, they have a much bigger ice rink, you have lots more time. Here, you must do everything faster. You must shoot faster. There are many more games, 80 games; at home, we play 40 games, or 44. There's more contact here because of the smaller rinks. Much more body contact..."

"But I feel much better in the last month, and I think I will to the end of the season."

"I feel that it's a time thing," said Murray, "where a year from today you'll be saying, 'Boy, what a change in Michal.' I think he has made adjustments, but I think they will continue for some time."

Pivonka is time to learn and, he suspects, even longer before he will be reunited with his family.

"Maybe 10 years," he said.



'I still miss my parents, my sister. I don't know when I can see them.'

— Michal Pivonka

English Rugby Suspends 4 From Match in Wales

United Press International

LONDON — England rugby team captain Richard Hill, lock forward Wade Dooley and front-row forwards Gareth Chilcott and Graham Dawe were suspended Tuesday for one match because of "totally unacceptable" behavior March 7 in a Five Nations game in Wales, officials of the English Rugby Football Union announced.

Dooley threw a punch early in the match that broke Welsh forward Phil Davies' nose and cheekbone. Chilcott and Dawe were involved in several rough incidents during scrums and Hill, apparently, was judged to have not been in control of his team's discipline.

Union officials said the four would not play in the Five Nations match April 4 against Scotland.

Union secretary Dudley Wood said the ban would not affect the four players' chances of being chosen for the World Cup in New Zealand and Australia in May and June.

It was the first time players were suspended who had not been sent off by the referee during a game.



LONELY GOING — Susan Butcher, 1986 winner of the Iditarod Trail Sled Dog Race, trudging on through the Alaskan snow. She had dropped back into a tie for second place Monday, with 269 miles to go in the 888-mile annual race with a first prize of \$50,000.

SPORTS BRIEFS

European Soccer Tournaments: A Trying Time

International Herald Tribune

U.S.-German Cup Showdown

NEW YORK (AP) — The U.S. Davis Cup team, having been upset in the opening round by Paraguay, will have to defeat the upset West German team led by Boris Becker if it is to stay in the World Group in 1988.

The United States and West Germany will play July 24-26 in the United States, with the winner remaining in the World Group for 1988 while the loser drops down to zonal play next year. Only the 16 nations in the World Group compete for the prestigious Davis Cup.

For the Record

Michel Platini, Patrick Battiston, eight former team-mates and a former manager of the French soccer team St. Etienne must stand trial May 17 on fraud charges involving a club slush fund of about 20 million francs (about \$3 million), magistrates ruled in Lyon. (AP)

The European Football Union will introduce seedings for second-round matches next season in its three major club tournaments — the Champions' Cup, Cup Winners' Cup and UEFA Cup — to avoid having the top teams meeting too early, officials said. (Reuters)

The Deaver Brothers and the Los Angeles Rams likely will play an exhibition game next summer in London's Wembley Stadium, NFL commissioner Pete Rozelle said.

John Chaney, whose Temple team won a school record 32 games this season, was named coach of the U.S. Basketball Writers Association. (UPI)

Socrates Oliveira, one of Brazil's best and most controversial soccer players of recent years, announced he is quitting the game to resume full-time medical studies. (UPI)

ROB HUGHES

But I doubt that the presidents of the Real Madrid and Barcelona teams, respectively, import a Dutch and an

English coach merely to reach the quarterfinals with clubs still afflicted by Latin inconsistencies. But there is. Real Madrid, under Leo Beenhakker, is the Madrid of old: shocking away from home and once again in the position of trying to overcome hefty defeats in the second leg in the Bernabéu.

Alternatively, he might become subsumed in the local milieu, taking on new colors, new neuroses, as others might change an overcoat.

This week's European club tournaments will be full of transplanted individuals under pressure. Quite uplifting, really. It suggests we are all one people and sport is the great integrator.

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If Madrid wins the European Cup, the major trophy, it will have to do so in the Houdini pattern of its winning the UEFA Cup for the past two years: giving the opponent a massive lead, then overhauling it. This time nothing stirred inside Madrid's white shirts until it was down 3-0, against Red Star Belgrade in Yugoslavia.

Then came two Madrid penalties: Hugo Sánchez missed on one, scored on one and hope was reborn.

That first leg loss of 4-2 to Belgrade is small-fry compared to the five-goal turnabouts Real Madrid has achieved at home. And the Yugoslavs are not the best of travelers. However, having lost two main strikers, Jorge Valdano through hepatitis and Emilio Butragueño through injury, Madrid's hopes ride on Sánchez.

One for all, and for one is a characteristic that cannot be bought, although some Italian clubs and some European Community politicians want to end the restriction of two imports per team. Not that mass imports would change Italy's defensive mentality. Inter-Milan starts at 4-0 for Wednesday's home leg against Borussia, while Torino is 0-0 but away to FC Swarowski Tirol.

West Germany, more an exporter of talent than an importer these days, is back to solid strength. Bayern Munich will virtually avenged its defeat of a year ago against RSC Anderlecht by going 5-0 at home against the depleted Belgians. And Borussia Mönchengladbach, despite its wayward ways in domestic competition, has a 3-0 edge against Portugal's Vitoria Guimaraes.

The German changes to your calendar by managerial Udo Lattek, the past coach of Mönchengladbach and Barcelona, will depart Bayern Munich, win or lose the European Cup, for Cologne next summer. His successor will be Jupp Heynckes, once his protege at Mönchengladbach. This managerial merry-go-round makes lasting change unlikely. How can a man, manager or player, influence the long term response to seasonal crises if his hand is so fleetingly on the wheel?

Venables had seemed to steady the volatile Barcelona players, instilling fitness and keeping them cool in the eye of the storm. But rumor has it that the "El Te" ship

is passing through, that come high summer he, too, will be in new waters. Possibly with AC Milan or Juventus.

Every manager has his price. Almost Hamburg, desperate to replace the departing Ernst Happel, knocked on Russia's door recently. It wanted to know if Valeri Lobanovsky, manager of both Dynamo Kiev and the Soviet national squad, was for hire. Nyeri Lobanovsky is under contract until 1990. But perhaps Hamburg should enquire at a later date. President Andrei Grigor'ev recently pinned the Order of the Red Banner on Lobanovsky's chest. But it should be remembered how the soccer federation sent Lobanovsky into sporting exile a decade ago when his Kiev players ran out of steam trying to double European Cup winners' Cup and the national team.

Nobody should have believed that college athletes were better than any other segment of the population, but when newspapers send journalists all over the country, when the tub-thumpers on television sell beer and cars via these young men, you get the feeling a lot of people are rooting, caring, identifying, emulating.

"We are role models," said Digger Phelps, the coach at Notre Dame. "Somebody's got to do something."

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A winner and a loser there, as everywhere, are separate entities. Lobanovsky, the wily fellow, has recruited a physiologist to plot the rest periods as well as the fitness of each individual in his care. Kiev is still on course to produce the Soviet Union's first European Cup victory. Indeed, Kiev can afford to be flexible: its quartet opponent, Besiktas of Turkey, fearing a mauling and an unprofitable second leg match in Istanbul, begged the Russians to reverse the matches and play first on Turkish turf.

Lobanovsky obliged. Kiev ran up a mere 5-0 goal advantage. The return leg amounts to a respite that even a super team like Dynamo Kiev requires.

But nothing is stable. Earlier this year, during an indoor tournament in Munich, another West German approach met Soviet approval. Comodore, the electronics firm whose name is carried on Bayern Munich shirts, wondered if there was something to Kiev spreading the good word. Sure, replied Soviet officials. A little more than \$12,000 converted Kiev into the European Cup winners' Cup and the national team.

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OBSERVER

Good to the Last Writ

By Russell Baker

NEW YORK — Legal columnist Billable Auer answers his readers' mail:

Dear Mr. Auer:
Since leaving my White House job to make a mint in the public relations business, I have been victimized by rumors. People said I broke some silly law against converting my White House career into heavy dough. I demanded and got the appointment of a special prosecutor to investigate and squelch this slander, but recently this prosecutor said he was going to have me indicted. Naturally, I asked the judge to declare special prosecutors unconstitutional so the whole business could be dropped, but the judge refused. Should I appeal to a higher court?

(Signed) Michael Deaver

Dear Deaver:
The precedent for your plea is the case of *People vs. Chutpa*, in which Myron Chutpa, having murdered his mother and father, asked the court for mercy on ground that he was an orphan.

This so infuriated the judge that he descended from the bench and beat Chutpa severely about the head with his gavel. This gave Chutpa ground for a successful appeal, after which, acting as his own attorney, he won a large sum from the judge by suing him for abusing his orphan.

If you, Mister Deaver, expect a similarly happy result, you are barking up the wrong tree. The legal system nowadays is so accustomed to preposterous argument that you are unlikely to find a judge, even on appeal, who is sensitive enough to give you the gavel-bruising you obviously hope to provoke.

Worse: suppose the court agrees with you that the special prosecutor you specifically requested was unconstitutional. You could be indicted for conspiring to commit an illegal investigation.

Even if you can beat this rap — and you certainly couldn't if I were the judge — you risk making the name Deaver synonymous with that of the notorious Chutpa. Is that how you want to be remembered?

My advice: If they want to indict you for something that could mean the slammer, retain a veteran plea bargainer who will get the case knocked down to something that carries a nice six- to nine-month sentence.

Nowadays they've got these sweet-hearts pens for government types. You could get a good rest, read some of those great books you've always meant to get around to, and learn to grow terrific tomatoes.

(Signed) Billable Auer

Mr. Auer, Sir:

North is my name, sir. Oliver North, U.S. Marine Corps lieutenant colonel, formerly posted to the White House. As the result of certain activities occurring in said posting, I have sought the shelter of the Fifth Amendment against official interrogators.

Now, however, I am threatened with a grant of "immunity," which would relieve me from the threat of prosecution but require me to tell everything I know. Is there any way I can escape having to tell all?

(Signed) North

Dear Colonel:

If I read between the lines correctly, you are thinking book, and I mean big book: blockbuster book with high six-figure advance and guaranteed nine-city tour including appearance on the "Today" show, "Kip," "Strada Terk," "The Larry Carson," "Donna," "The Larry King Show," "NPR's" "Weekend Edition," a surprise guest appearance playing "Wheel of Fortune" and maybe a confrontation with David Halberstam on Ted Koppel's "Nightline."

Naturally you don't want to tell everything to a bunch of congressmen for free because you have retained top-price Washington legal counsel, and even if their billable hours are as cheap as mine, a colonel's salary won't buy you 45 minutes.

The trick is to write the book now. Instantly. Before you have to testify. You can't write a book? Don't worry. Most writers can't write a book either, but it doesn't stop them from writing them. Hire one for a percentage and work him night and day. If he gets it written before you start testifying, you're in clover.

An instant book that can be published while television is still rerunning your testimony can make publishers fight to come across with bales of similes big enough to pay your lawyers. If you were my client, your writer would already be drooping with exhaustion.

Regretfully unbillable yours,

(Signed) Auer

John Coale: A Lawyer Courting Disaster

By Stephanie Mansfield

Washington Post Service

WASHINGTON — The phone is ringing. It's Lauren Block from Los Angeles. Again.

"I'm calling about John Coale," she says. Coale is a Washington attorney who specializes in prime-time disasters.

He was in Bhopal. He was at San Juan's Dupont Plaza. Mention Amtrak and Coale is already on board.

John Coale has gotten some bad press lately and Block, bearing there's another story in the works, just wants to set the record straight.

"The media just crucifies him," she explains, referring to the man who spends, she says, up to \$50,000 a day on investigators, deposition takers, hotels, motels, meals and press conferences.

And what is Block's connection to this? Is she his public relations woman? "Yes, but nobody's supposed to know that," says Block of Lauren Block and Associates. "It's not nice for a lawyer to have to tell his own PR firm."

Coale is a squat man of 41 with a roly-poly gait and a full head of black curly hair. "I do aerobics three times a week and I'm still fat." Twice divorced, John Purcell Coale has that pasty, rumpled look of a man on a perpetual diet of Whoppers, wine and Milk of Magnesia.

Ask him what the attraction is and he'll tell you he's a cowboy. Hustling cases, championing the little guys against the big bad corporations. "It's action. It's a fun game. You wanna get the baddies. This profession needs a troublemaker. They're so full of themselves. Especially in this town. I don't like lawyers. And they don't like me at all."

Personal injury, or "PI" in legal jargon, is a high-risk, high-profit specialty of the law. In lieu of an hourly fee, PI lawyers work on a contingency basis, taking a percentage of any award or settlement. It's a crap shoot. Coale likes to say, You win, you win big. You lose, you eat at Burger King.

Some people say he's a nut. Others just call him a maverick. Coale says: "I consider my ethics much better than the American Bar Association. Those guys who continually depend on the status quo of corporate America. The

law, in big law firms and law school, is set up as a form of slavery. They run a game on these guys. They work 80 hours a week and then if you're real lucky you get to be a partner and if you're real real lucky you'll make some money someday and they let you in the country club."

In December 1984, when he was sitting in a taxi he heard on the radio that a poison gas leak at the Union Carbide plant in Bhopal, India, had killed thousands of people and injured tens of thousands of others. "My instant reaction was: This is a tremendous case. It's going to be the biggest case in a long, long time."

Coale, up to then a small-time advocate, flew to India and managed to round up 68,000 signatures on retainers. He was the first of approximately a dozen American lawyers on the scene. There were press conferences and clandestine meetings. He thought his phone was bugged. He says that he and a partner, Arthur Lowy, paid off waiters to make sure their food wasn't poisoned. Why was he so paranoid? Coale says the Indian government was against him because he was trying to negotiate a \$350 million settlement for the victims.

After months of squabbling, the Bhopal cases were consolidated in federal court in New York and later turned over to the Indian government, to be settled in that country. Coale, who is no longer involved in the litigation, says he and two other lawyers lost hundreds of thousands of dollars in expenses. A proposed movie deal on the disaster has also fallen through.

In February 1986, the Association of Trial Lawyers in America passed a resolution condemning the solicitation of mass court cases, a direct result of the Bhopal disaster. Coale says he did nothing unethical. When pressed, he concedes that his behavior was "maybe not so tasteful."

He calls later an update. The movie people want him. Something about a mini-series on Coale's life. There are two book offers pending. What would he call it? "Disasters I Have Known." He adds: "And loved."

A native of Baltimore, he supported Barry Goldwater, and got kicked out of his private high school for stealing hubcaps, then attended the University of Maryland before graduating from the University of Baltimore's law school. He made the Law Review.

The second of seven children, he says he grew up in an upper-middle-class family. (His father was president of an envelope company.)

Why the law? "It was natural. I was interested in politics. It's a good way to exercise power in this country, to be a lawyer."

He was married at 19 (he has two grown children now) and went to work as an assistant state's attorney after graduating from law school. "I was there for four months and got fired for being arrested for drunk driving."



Courtesy M. Brooks/The Washington Post

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He says he didn't technically hustle cases. "I never break the rules. I push 'em. I'd go right on the fence."

Last New Year's Eve, the DuPont Plaza hotel in San Juan went up in flames and Coale got out his Frequent Flier card after a call from another lawyer.

"I didn't really want to get involved in it. I was tired. It was Christmas. I just didn't want to go to another foreign country and take a lot of heat."

He arrived on the scene and told reporters the big-time disaster lawyers were from "Shabopal," his legal team was the first to file a lawsuit in connection with the fire, attracting the ire of the local legal establishment. The president of the Puerto Rican Bar Association called him a "vulture."

The "roadshow," as he calls his trips, involves logistical problems like finding the right hotel, setting up shop, flying experts in, taking depositions, getting typists and translators. "It's like hitting New Hampshire with the primary four days away."

Coale was extremely popular with one contingent of disaster watchers: the reporters. "He told us funny stories from Bhopal," says the NBC producer Nicole Szuc. "He kept us in stitches."

Coale first heard of the Amtrak crash when Szuc walked into the hotel bar and told the crew, "We're off the box today." The major news story would most likely mean no air time for the San Juan story. Two hours later, Szuc says, Coale returned to the bar and announced he had his first Amtrak client.

Coale says he wants to change the image of his profession. "I think the image of the lawyer is bad because they kill their clients, many of them are incompetent. You're a statistic, if you're an associate, it's how many 'billable hours.' Not how good a job you do. The system is in a shambles. It's a shame. A lot of kids go into law schools as idealists and they come out machines."

A week goes by. The phone rings. It's not Lauren Block. She's already left a message. It's Coale. "I'm calling from Belgium," he says. He's not really. It's a joke. But he is looking into the ferry accident. He's got a few British attorneys on the case. There are many deaths involved, after all, and scores of potential personal injury claims. "Who knows," he says. "There may be something."

And if not here, surely something else. As John Coale says, "there'll always be another disaster."

PEOPLE

Engineer Student Wins Siberia Beauty Contest

A student at an institute for railroad engineers has won what is believed to be Siberia's first beauty contest. The newspaper *Sovetskaya Rossiya* said 10,000 young women from Irkutsk, a city of about 600,000, took part in a contest sponsored by the city's Young Communist League and labor unions. Lyudmila Semyonova was judged the "most charming and attractive."

What does the comic actress Whoopi Goldberg have in common with the fairy tale writer Hans Christian Andersen? Both were dyslexic, and now Goldberg has received the Hans Christian Andersen Award for outstanding achievement by a dyslexic. Dyslexia is a learning disorder. "After years of being considered retarded, I think I am doing pretty good," Goldberg said after receiving the award in Los Angeles.

Anna Katrina Thunberg, 23, was sentenced Monday to two years probation after pleading guilty to supplying heroin to the pop star Boy George. Testimony indicated she acted as a go-between for the Culture Club singer and his drug supplier; Stephen Laban. Laban and Diane Feiner were sentenced earlier to four years for conspiracy to supply heroin to Boy George.

The former chief of staff Donald Regan plans to write a book about his years in the White House and as treasury secretary, his spokesman said Monday. Norman Hruska, chairman of Morris Agency and his handling contracts with Regan, the former White House spokesman Larry Speakes for books and speeches.

A two-year-old Spanish puppy, grinded, yelled and chewed Tuesday as he was embarrassed and venerated as the reincarnation of a dead Tibetan lama in Dharamsala, India. Osei Hita is the fifth child of Maria Torres, 33, and his husband Paco Hita, 33, who run a Buddhist center near Granada. He has been recognized as the reincarnation of their teacher, Thubten Yeshe. Yeshe, 40, died three years ago.

The bottom line: Regan will have a book, and the rest of us will have to purchase it.

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